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THE CZECH REPUBLIC'S FOREIGN TRADE

Part I: Summary

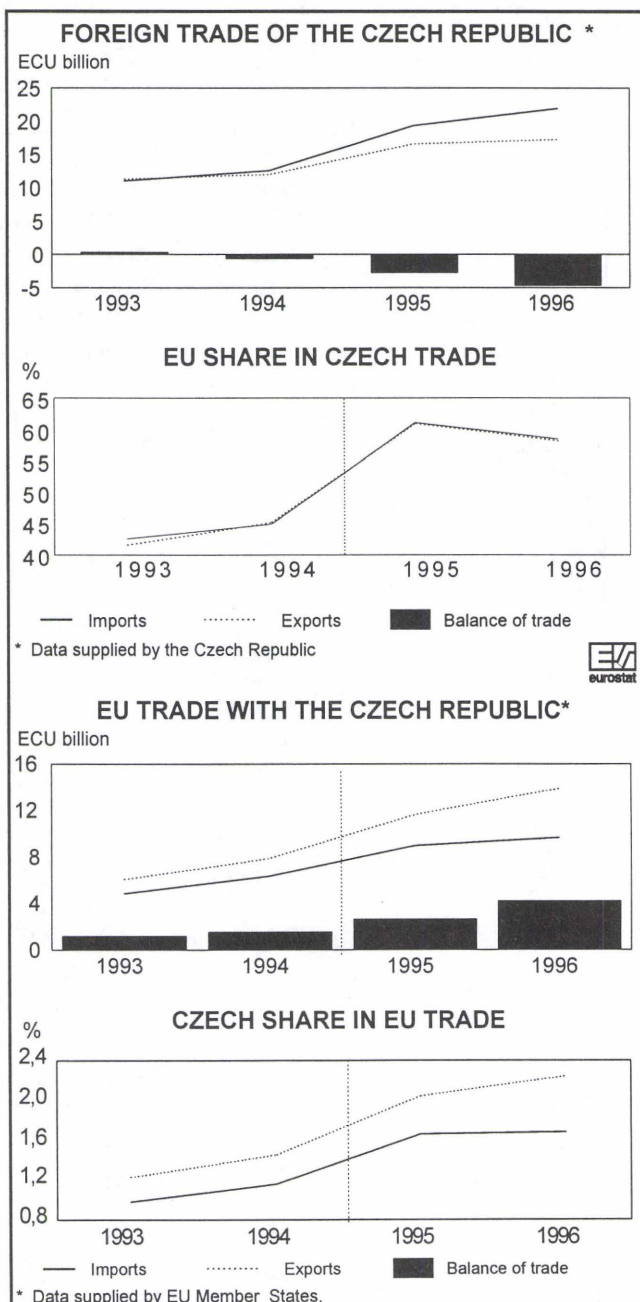
I.1 Two political events had a strong impact on the Czech economic development in the early part of the decade: an opening-up towards the West that was underpinned by the Europe Agreement with the EU, and the dissolution of the former Czechoslovakia in 1993.

Between 1993 and 1996, Czech foreign trade underwent vigorous expansion, with imports showing 26% and exports 15% annual growth. This development turned what had been a small foreign trade surplus in 1993 into a deficit of ECU 4.6 billion in 1996, representing almost 12% of GDP. The Czech economy, whose imports and exports respectively accounted for 55% and 44% of GDP in 1996, has very much been opened-up to international trade. By way of comparison, the same indicators for the other three Visegrad countries as a whole (Hungary, Poland and Slovakia) stood at 34% and 25% respectively.

I.2 The opening-up of the Czech economy has occurred mainly in the direction of the European Union. The latter's share in the Czech Republic's total trade rose from 42% in 1993 to 58% in 1996, with 8 percentage points of that rise attributable to the mechanical effect of Austrian, Finnish and Swedish accession.

Industrial products make up 88% of EU trade with the Czech Republic, machinery and transport equipment alone accounting for 40% of transactions. Electrical machinery, apparatus and appliances and road vehicles are a major focus of intra-industries trade.

Germany (56% of EU transactions) and Austria (10%) are the Czech Republic's chief European partners, followed by Italy (8%) and France (6%).



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Part II: Czech trade with the rest of the world

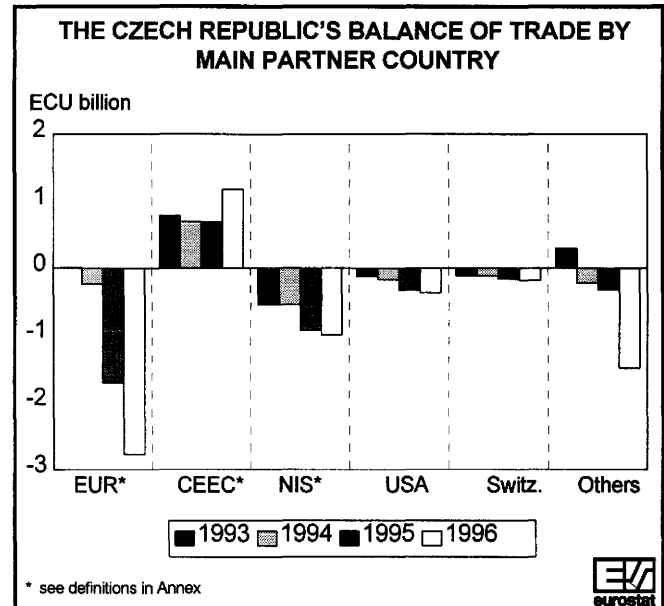
II.1: Czech trade by main partner country.

The Czech Republic accounts for 0.6% of world trade, an achievement that places it behind Poland (0.8%) but ahead of Hungary (0.4%).

Imports and exports accounted respectively for 55.3% and 43.4% of GDP in 1996. The Czech economy is thus strongly geared to foreign trade.

Since 1993, the country's trade has grown steadily at an annual rate of 20.6%, 1995 was an exceptional year for Czech trade, with imports increasing by 53.2% and exports by 38.3%. The relatively sharp jump in imports brought in its wake a major deterioration in the balance of trade for the same year (ECU -2.76 billion), followed by a further slump in 1996 (ECU -4.64 billion). Except in relation to the Central and Eastern European Countries (CEEC), the Czech Republic ran a balance-of-trade deficit in 1996 vis-à-vis the EU (ECU -2.77 billion) and Russia (ECU -1.07 billion).

As with the majority of CEECs, the opening-up of the Czech economy took place in the direction of the European Union. The latter's share in Czech trade increased from 42% in 1993 to 58% in 1996. Half of this rise was due to the enlargement of the EU in 1995 and in particular to the relatively high level of trade between Austria and the Czech Republic.



Owing to the virtual stagnation of transactions between the Czech Republic and Slovakia, the latter's share in Czech trade decreased from 18.6% to 11.6% over the period under review. By way of comparison, the aggregate share of Czech trade accounted for by the other two Visegrad countries, Hungary and Poland, rose from 17.9% to 28.2%. Czech imports from Russia increased at a much higher annual rate (+14.5%) than exports (+3.9%).

THE CZECH REPUBLIC'S TRADE BY MAIN PARTNER COUNTRY

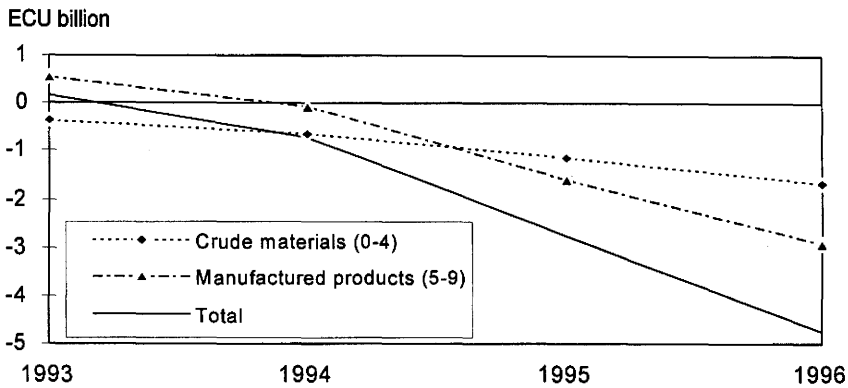
(ECU billion)

Partners	Imports					Exports					Balance			
	1993	1995	1996	Share (%)	96/95 Var. (%)	1993	1995	1996	Share (%)	96/95 Var. (%)	1993	1995	1996	96/95 Value
World	10.98	19.32	21.88	100	13.3	11.28	16.56	17.24	100	4.1	0.30	-2.76	-4.64	-1.88
EUR ¹	4.68	11.80	12.81	58.5	8.6	4.69	10.09	10.04	58.2	-0.5	0.01	-1.71	-2.77	-1.07
Germany	2.78	6.12	6.53	29.8	6.7	2.86	6.22	6.20	36.0	-0.3	0.08	0.10	-0.33	-0.43
Austria	NA	1.33	1.26	5.8	-5.7	NA	1.09	1.11	6.5	2.3	NA	-0.25	-0.14	0.10
CEEC's ¹	2.33	3.24	3.16	14.4	-2.5	3.12	3.87	4.34	25.2	12.0	0.79	0.63	1.18	0.55
Slovakia	1.82	2.28	2.09	9.6	-8.2	2.31	2.30	2.46	14.3	7.2	0.49	0.02	0.37	0.35
Poland	0.28	0.52	0.64	2.9	22.3	0.30	0.74	0.95	5.5	28.6	0.03	0.22	0.31	0.09
Hungary	0.15	0.17	0.22	1.0	30.6	0.25	0.29	0.31	1.8	6.4	0.10	0.12	0.09	-0.03
NIS ¹	1.22	1.68	1.85	8.4	9.7	0.67	0.76	0.85	4.9	12.1	-0.55	-0.93	-1.00	-0.07
Russia	1.08	1.43	1.62	7.4	13.0	0.49	0.48	0.55	3.2	13.2	-0.59	-0.95	-1.07	-0.12
USA	0.33	0.65	0.74	3.4	13.7	0.20	0.32	0.37	2.1	15.6	-0.13	-0.33	-0.37	-0.04
Switzerland	0.25	0.37	0.39	1.8	4.2	0.13	0.22	0.20	1.2	-6.3	-0.12	-0.15	-0.18	-0.03
Others	2.16	1.57	2.93	13.4	86.7	2.46	1.30	1.44	8.4	-16.9	0.30	-0.27	-1.49	-1.22
MEMORANDUM														
Share in														
GDP	41.2	55.3	55.2	-	-0.3	42.3	47.4	43.5	-	-8.3	1.1	-7.9	-11.7	-
CEEC trade	16.7	21.1	20.6	-	-2.7	20.7	22.1	21.9	-	-1.0	-	-	-	-
World trade	0.4	0.7	0.7	-	3.6	0.5	0.6	0.6	-	-4.1	-	-	-	-

¹ see definitions in Annex

II.2 : Czech trade by product

THE CZECH REPUBLIC'S BALANCE OF TRADE BY PRODUCT GROUP



- 1) Sections 0-4 of SITC Rev. 3.
2) Sections 5-9 of SITC Rev. 3.



The share of manufactured goods (SITC 5-8), which already accounted for 76% of Czech transactions in 1993, increased to 83% in 1996. Machinery and transport equipment (SITC 7) alone made up 37.6% of these transactions.

Over the period under review, the Czech Republic saw its foreign trade position deteriorate for all product groups. In 1996, with the exception of crude materials (SITC 2+4) and miscellaneous manufactured articles (SITC 6+8), it was in deficit across the board.

THE CZECH REPUBLIC'S TRADE BY PRODUCT GROUP

(Mrd. ECU)



Product Group (SITC Rev.3)	Imports				Exports				saldo	
	1993		1996		1993		1996		1993	1996
	value	share (%)	value	share (%)	value	value (%)	value	share (%)	value	
Total (0-9)	10.85	100.0	21.87	100.0	11.3	100.0	17.23	100.0	0.16	-4.64
Crude materials (0-4)	2.56	23.6	4.21	19.3	2.19	19.9	2.52	14.6	-0.37	-1.69
Foodstuffs (0+1)	0.80	7.4	1.44	6.6	0.85	7.74	0.87	5.1	0.05	-0.57
Crude materials except fuels (2+4)	0.59	5.4	0.87	4.0	0.67	6.10	0.87	5.0	0.08	0.00
Energy (3)	1.18	10.9	1.90	8.7	0.67	6.08	0.78	4.5	-0.51	-1.12
Manufactured articles (5-8)	8.20	75.6	17.65	80.7	8.62	78.3	14.69	85.2	0.42	-2.96
Chemicals products (5)	1.32	12.2	2.58	11.8	1.03	9.32	1.56	9.0	-0.29	-1.02
Machinery & transport equipment (7)	3.90	35.9	8.35	38.2	2.88	26.2	5.63	32.7	-1.01	-2.72
Miscellaneous manuf. articles (6+8)	2.99	27.5	6.72	30.7	4.71	42.8	7.50	43.5	1.73	0.78
Commodities n.e.s. (9)	0.08	0.8	0.01	0.0	0.19	1.76	0.02	0.1	0.11	0.02

THE CZECH REPUBLIC'S IMPORTS BY MAIN PRODUCT, 1996

SITC Rev. 3	Description of products	Value (ECU billion)	Share of imports (%)	
			Cumulated	
77	Electrical machinery, apparatus & appliances	1.95	8.9	8.9
78	Road vehicles	1.56	7.1	16.0
74	General industrial machinery & equipment	1.40	6.4	22.4
33	Petroleum and petroleum products	1.13	5.2	27.6
72	Machinery special. for particular industries	1.08	4.9	32.5



THE CZECH REPUBLIC'S EXPORTS BY MAIN PRODUCT, 1996

SITC Rev. 3	Description of products	Value (ECU billion)	Share of exports (%)	
			Cumulated	
78	Road vehicles	1.60	9.3	9.3
67	Iron and steel	1.20	7.0	16.3
77	Electrical machinery, apparatus & appliances	1.20	6.9	23.2
69	Manufactures of metals	1.05	6.1	29.3
66	Non-metallic mineral manufactures	0.91	5.3	34.6

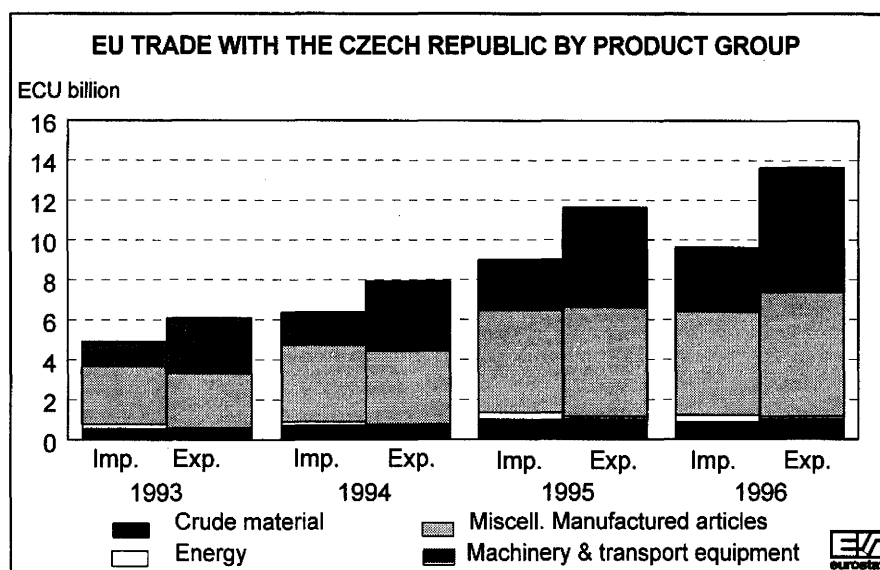


The Czech trade-balance deficit in transport equipment (ECU -2.72 billion) was higher than that recorded for crude materials as a whole (SITC 0-4) (ECU -1.69 billion), the deficit in the last-named group of products relating to mineral fuels, lubricants and related materials (SITC 3) (ECU -1.12 billion) and food products, beverages and tobacco (SITC 0+1) (ECU -0.57 billion).

At SITC two-digit level, electrical machinery, apparatus and appliances (SITC 77) and road vehicles (SITC 78) are mainstays of intra-branch trading, reflecting not only the strategic alliances which exist between Czech and foreign enterprises but also the numerous relocations of foreign production units into the Czech Republic.

Part III: EU trade with the Czech Republic

III.1: EU balance of trade with the Czech Republic



**EU BALANCE OF TRADE WITH THE CZECH REPUBLIC
BY PRODUCT GROUP**

Product group (SITC Rev. 3)	1993	1995	1996	1993	1995	1996
	ECU billion			CR=(Exp/Imp)*100 ^a		
TOTAL (0-9)	1.24	2.64	4.09	125.6	129.4	142.3
Crude material (0-4)	-0.13	-0.21	0.01	80.9	84.3	98.9
Foodstuffs (0+1)	0.18	0.44	0.50	191.8	271.2	365.4
Crude materials except fuel (2+4)	-0.20	-0.42	-0.34	43.0	40.8	46.6
Energy (3)	-0.12	-0.22	-0.22	29.5	35.8	35.8
Manufactured articles (5-8)	1.33	2.79	4.07	133.1	137.2	149.2
Chemical products (5)	0.27	0.72	0.95	175.2	207.4	236.6
Machinery and transport equipment (7)	1.56	2.48	3.08	230.5	197.4	195.7
Miscellaneous manufact. articles (6+8)	-0.50	-0.40	0.04	79.5	90.7	100.9
Commodities (9)	0.04	0.05	0.04	135.4	136.0	127.2
MEMORANDUM						
EU balance of trade	-46.1	24.2	43.6	90.0	104.4	107.5
EU balance of trade with the CEEC	-0.92	11.5	20.6	93.0	124.4	141.2

a) CR = Cover ratio %.



**EU BALANCE OF TRADE WITH THE CZECH REPUBLIC BY PRODUCT
(ECU billion)**

SITC Rev.3	Description of products	1993	1995	1996
HIGHEST SURPLUSES				
77	Electrical machinery, app. & appliances	0.26	0.57	0.67
74	General industrial machin. & equipment	0.40	0.54	0.60
78	Road vehicles	0.16	0.42	0.56
72	Machinery special. for particular industries	0.38	0.45	0.56
76	Telecommunication apparatus & equipment	0.11	0.24	0.38
HIGHEST DEFICITS				
32	Coal, coke and briquettes	-0.10	-0.28	-0.29
24	Cork and wood	-0.07	-0.29	-0.25
84	Articles of apparel and clothing accessories	-0.22	-0.25	-0.23
66	Non-metallic mineral manufactures	-0.23	-0.23	-0.19
82	Furnitures and parts thereof	-0.07	-0.14	-0.19



The analysis of bilateral trade between the European Union and the Czech Republic presented in this part is seen from the point of the view of the EU, as it is based on data supplied by EU Member States.

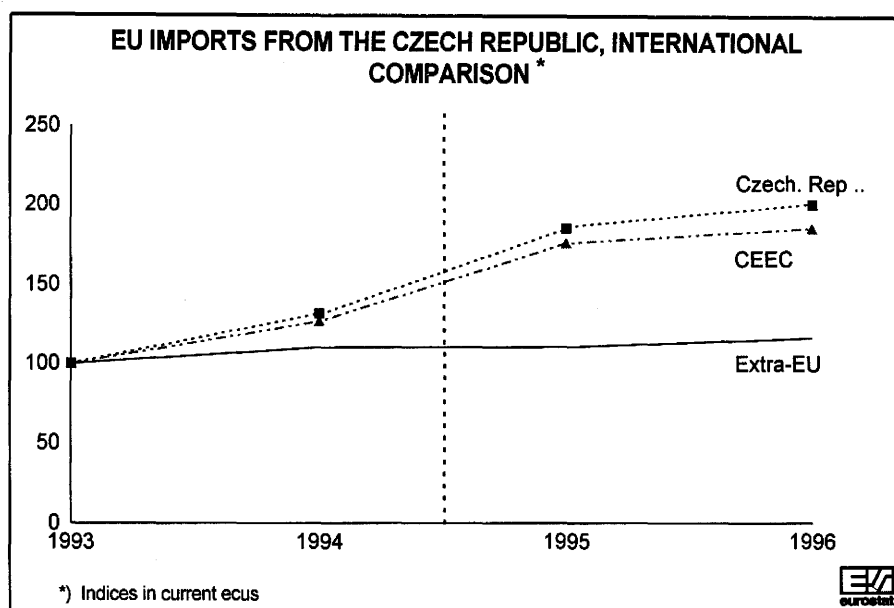
The Czech Republic currently holds 11th place in the league table of the European Union's trading partners, accounting for 2% of EU total trade. Of the CEECs, only Poland has a higher volume of trade with the EU.

Implementation of the Europe Agreement, designed to further liberalise trade between the EU and the Czech Republic, was initiated prior to the dissolution of Czechoslovakia. For the European Union, it has brought continuing growth in its surplus vis-à-vis the Czech Republic. This surplus, which grew from ECU 1.24 billion in 1993 to 4.09 billion in 1996, is relatively large compared with that in relation to the CEECs as a whole.

With trade in crude materials (SITC 0-4) having been brought into balance in 1996, the overall EU surplus encompasses virtually the entire surplus in manufactured goods (SITC 5-9) (ECU 4.07 billion). Machinery and transport equipment (SITC 7) alone accounts for ECU 3.08 billion of the EU's surplus in relation to the Czech Republic.

At SITC two-digit level, the EU has substantial trade surpluses in electrical machinery, apparatus and appliances (SITC 77) and road vehicles (SITC 78), which account for a high volume of intra-industry trade. The five highest surpluses recorded by the EU at this level of detail all relate to machinery and transport equipment items (SITC 7). The EU runs a trade deficit vis-à-vis the Czech Republic chiefly in coal, coke and briquettes (SITC 32) cork and wood (SITC 24) and articles of apparel and clothing accessories (SITC 84).

III.2 EU imports from the Czech Republic



The growth of EU imports from the Czech Republic (at an annual rate of +26% between 1993 and 1996) quite closely matched that of its purchases from the CEECs as a whole (+23.1%). Over the same period, the EU's imports from its trading partners overall increased by only 4.2%. The surge in EU imports from the Czech Republic in 1995 (+41.3%) stemmed partly - to the tune of 18 percentage points - from the accession to the European Union of Austria, Finland and Sweden.

EU IMPORTS FROM THE CZECH REPUBLIC BY PRODUCT GROUP

Product group SITC-Rev.3	1993	1995	1996	Share 96	96/95	96/93
	ECU billion			%	% variation per year	
TOTAL (0-9)	4.84	8.98	9.69	100.0	7.8	26.0
Crude material(0-4)	0.70	1.32	1.27	13.1	-4.1	21.7
Foodstuffs (0+1)	0.19	0.26	0.19	1.9	-27.1	-1.1
Crude materials except fuels (2+4)	0.35	0.72	0.64	6.6	-10.3	23.1
Energy (3)	0.16	0.35	0.35	3.6	0.0	28.4
Manufactured articles (5-8)	4.01	7.51	8.27	85.4	10.2	27.3
Chemical products (5)	0.36	0.67	0.69	7.2	4.2	24.6
Machinery and transport equipment (7)	1.20	2.54	3.22	33.2	26.5	39.0
Miscellan. manufact. articles (6+8)	2.46	4.30	4.36	45.0	1.5	21.1
Commodities n.e.s. (9)	0.12	0.15	0.15	1.5	-4.5	5.5

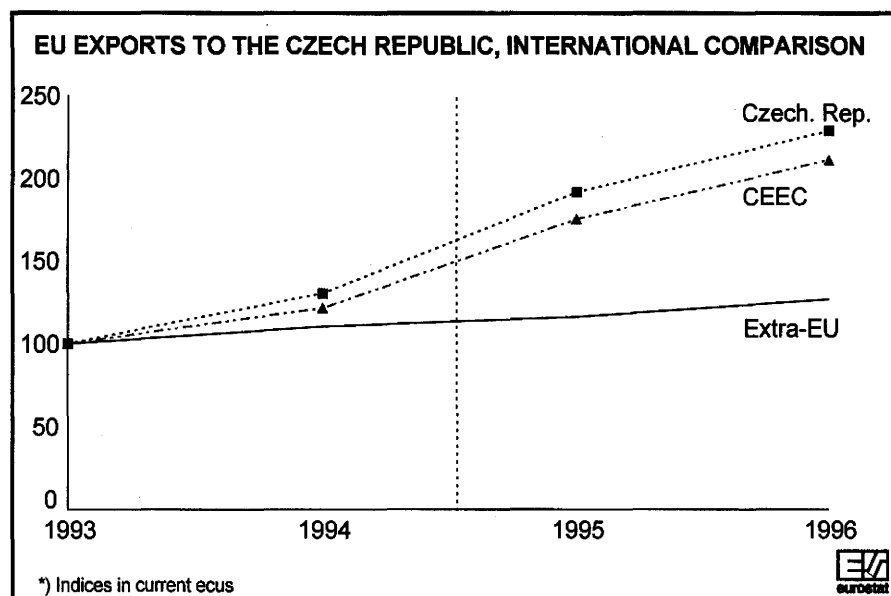
EU IMPORTS FROM THE CZECH REPUBLIC BY MAIN PRODUCT, 1996

SITC Rev.3	description of products	Value	Annual variation	Share in imports by products (%)	
		ECU billion	%		cumul
78	Road vehicles	0.91	44.5	9.4	9.4
77	Electrical machin., app & appliances	0.79	17.5	8.1	17.5
69	Manufactures of metals	0.70	9.9	7.2	24.7
67	Iron and steel	0.51	-19.2	5.2	29.9
84	Art. of apparel & clothing accessories	0.48	3.2	5.0	34.9

Manufactured goods (SITC 5-8) accounted in 1996 for 85% of EU purchases of Czech products. On its own, machinery and transport equipment (SITC 7) made up 33.2% of purchases. At SITC single-digit level, it was this item that experienced the fastest growth between 1993 and 1996, clocking up an annual rate of 39%. The share of manufactured goods (SITC 5-8) in the European Union's purchases remained relatively constant over the period covered by the analysis.

At a more detailed level, road vehicles (SITC 78) and electrical machinery, apparatus and appliances (SITC 77), which feature in a process of intense intra-industry trade, were the chief EU imports from the Czech Republic, accounting respectively for 9.4% and 8.1% of total imports. The exceptional growth in Community purchases of road vehicles in 1996 (+44.5%) was partly the result of policies of close cooperation between Czech and EU enterprises. EU purchases of traditional products (iron and steel, SITC 67) and clothing (SITC 84) remained at a high level.

III.3: EU exports to the Czech Republic



EU exports to the Czech Republic between 1993 and 1996 grew at a higher rate (+31.8% annually) than imports (+26%). Moreover, this rate of increase exceeded that of EU exports to the CEECs as a whole (+28.4%). Of the exceptional 47.1% rise in European sales to the Czech Republic in 1995, the accession of Austria, Finland and Sweden accounted for 19 percentage points.

Like its imports, the EU's exports to the Czech Republic mainly comprised manufactured goods (SITC 5-8) (89.5% in 1996), with machinery and transport equipment (SITC 7) alone making up 45.7% of total sales. Over the reference period as a whole, it was exports of chemical products (SITC 5) which experienced the most vigorous growth (at an annual rate of +37.7%), but the most dynamic performance in 1996 (+25.4%) came from exports of transport equipment (SITC 7). That year saw a decrease (-1.9%) in EU exports of food, beverages and tobacco (SITC 0+1) to the Czech Republic.

At a more detailed level, the main items sold by the EU to the Czech Republic in 1996 fell into two product categories that feature prominently in intra-industry trade - electrical machinery, apparatus and appliances (SITC 77) and road vehicles (SITC 78). While each category accounted for 10.7% of total exports, it was road vehicles that set the pace growth-wise in 1996 (+40.2%).

EU EXPORTS TO THE CZECH REPUBLIC BY PRODUCT GROUP

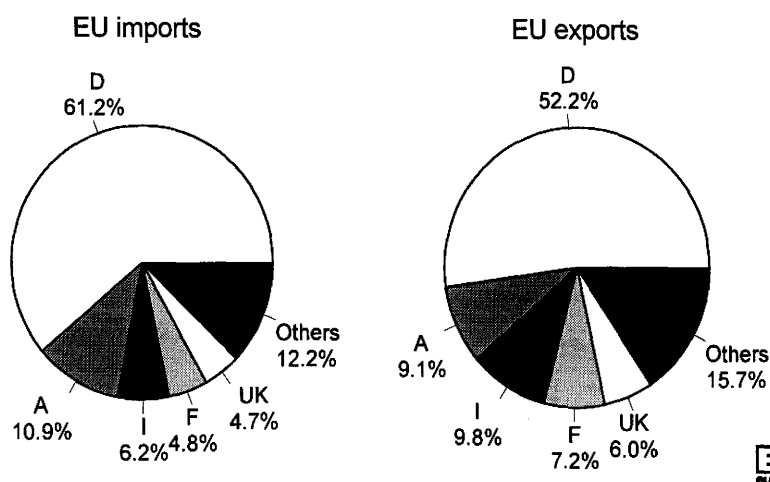
Product group SITC-Rev.3	1993	1995	1996	Share 96	96/95	96/93
	ECU billion			%	% variation per year	
TOTAL (0-9)	6.08	11.62	13.78	100.0	18.6	31.4
Crude material(0-4)	0.57	1.12	1.26	9.1	12.5	30.2
Foodstuffs (0+1)	0.37	0.70	0.69	5.0	-1.9	22.6
Crude material except fuel (2+4)	0.15	0.29	0.30	2.2	2.5	26.4
Energy (3)	0.05	0.13	0.13	1.0	0.0	37.1
Manufactured articles (5-8)	5.34	10.30	12.34	89.5	19.8	32.2
Chemical products (5)	0.63	1.38	1.64	11.9	18.9	37.7
Machinery & transport equipment (7)	2.76	5.02	6.29	45.7	25.4	31.7
Miscellan. manufactured articles (6+8)	1.96	3.90	4.40	31.9	12.9	31.1
Commodities n.e.s. (9)	0.17	0.21	0.18	1.3	-10.7	3.4

EU EXPORTS TO THE CZECH REPUBLIC BY MAIN PRODUCT 1996

SITC Rev.3	Description of products	Value	Annual variation	Share in exports by products	
		ECU billion	%		cumul
77	Electrical machinery, apparatus & appliances	1.47	18.4	10.7	10.7
78	Road vehicles	1.47	40.2	10.7	21.4
74	General industrial machinery & equipment	1.08	19.2	7.8	29.2
72	Machinery specialised for particular industries	0.91	16.2	6.6	35.8
89	Miscellaneous manufactured articles	0.67	13.6	4.9	40.7

III.4: EU trade with the Czech Republic by Member State

EU TRADE FLOWS WITH THE CZECH REPUBLIC BY MEMBER STATE, 1996



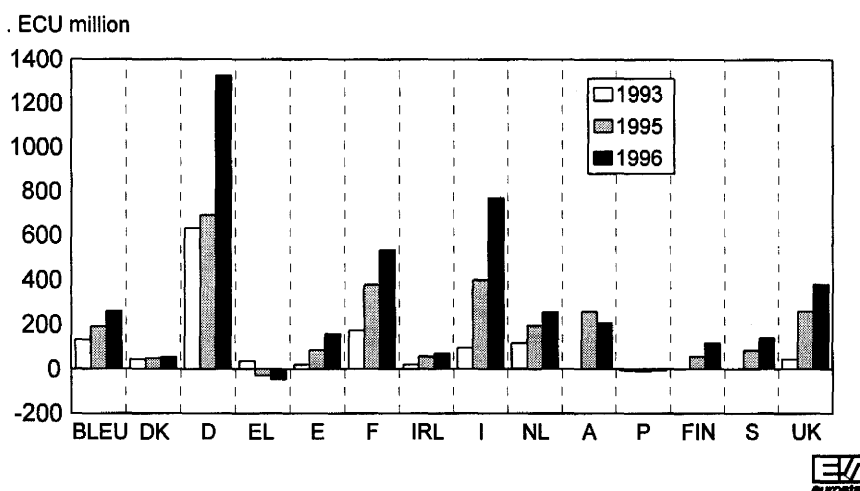
Germany is the Czech Republic's main EU trading partner by a wide margin, accounting for almost 61.2% of EU imports and 52.2% of its exports in 1996. Austria takes second place with 10.9% of Community imports and 9.1% of exports.

Italy stepped up its sales to the Czech Republic by 35.7% in 1996. After Germany (ECU +1325 million), Italy thus achieved the second highest EU surplus (ECU +769 million) in relation to this partner country. With a rise of 37.6%, however, it was France's sales to the Czech Republic that turned in the most dynamic performance in 1996.

Ireland and the BLEU were, in 1996, the EU countries which recorded the biggest increases in imports from the Czech Republic, accounting respectively for 29.9% and 28.5% of total EU purchases.

Since 1993, only Greece and Portugal have run a slight deficit in trade with the Czech Republic.

EU BALANCE OF TRADE WITH THE CZECH REPUBLIC



EU TRADE WITH CZECH REPUBLIC BY MEMBER STATE

(ECU million)

Report. Countries	EU Imports						EU Exports						Balance of EU			
	1993	1995	1996		96/95 Var. (%)		1993	1995	1996		96/95 Var. (%)		1993	1995	1996	96-95 Value
			Share (%)						Share (%)							
BLEU	108.4	233.2	298.8	3.1	28.5		241.7	424.7	559.4	4.0	31.7		133.4	191.5	259.6	68.7
DK	57.6	100.1	104.2	1.1	4.1		100.8	148.9	158.6	1.1	6.5		43.2	48.8	54.4	5.6
D	3323.6	5622.0	5931.0	61.2	5.5		3955.8	6312.6	7255.7	52.2	14.9		632.2	690.6	1324.7	634.1
EL	64.9	69.6	82.4	0.9	18.4		28.2	39.5	36.7	0.3	-7.2		-36.7	-30.1	-45.8	-15.7
E	72.7	118.7	122.6	1.3	3.3		93.2	203.8	280.3	2.0	37.6		20.5	85.1	157.7	72.6
F	239.9	372.2	462.7	4.8	24.3		413.9	749.4	995.4	7.2	32.8		174.0	377.2	532.6	155.5
IRL	10.4	24.1	31.4	0.3	29.9		29.5	81.9	101.8	0.7	24.2		19.0	57.8	70.5	12.6
I	440.6	606.3	596.0	6.2	-1.7		536.9	1005.6	552.3	9.8	35.7		96.3	399.3	768.9	369.6
NL	197.4	281.6	295.9	3.1	-5.1		315.3	476.6	1267.0	4.0	15.9		117.9	195.0	256.3	61.3
A	NA	950.0	1060.1	10.9	11.1		NA	1207.8	1217.0	9.1	4.9		NA	257.8	206.9	-50.9
P	12.6	21.1	22.2	0.2	5.5		4.7	9.0	14.5	0.1	59.8		-7.9	-12.0	-7.7	4.3
FIN	NA	77.9	80.1	0.8	2.9		NA	134.3	196.6	1.4	46.4		NA	56.4	116.5	60.1
S	NA	126.1	147.2	1.5	16.7		NA	211.0	287.7	2.1	36.4		NA	84.9	140.5	55.6
UK	314.0	388.7	458.1	4.7	17.9		359.5	648.0	838.7	6.0	29.4		45.5	259.2	380.6	121.4
EUR	4842.2	8991.7	9693.9	100.0	7.8		6079.6	11653.1	13909.6	100.0	19.4		1237.4	2661.4	4215.6	1554.2

ANNEXE

The Czech Republic's trade agreements

1. Chronology of agreements

- 1947: - Creation of the GATT, of which Czechoslovakia is a founder member.
- 1949: - Creation of the Council for Mutual Economic Assistance (CMEA), of which Czechoslovakia is a founder member.
- 1990: - Signing of a *trade and cooperation agreement* between the EC and Czechoslovakia.
- 1991: - Dissolution of the CMEA.
- Granting of the *System of Generalised Preferences* by the Community to Czechoslovakia¹.
- 1992: - Entry into force of the *Interim Agreement* as a precursor to the Europe Agreement with the EU.
- Creation of the CEFTA (*Central European Free Trade Agreement*) between the four Visegrad countries.
- 1993: - Dissolution of the Czech and Slovak Federal Republic.
- Signing of the *Europe Agreement* between the Czech Republic and the EU.
- Accession of the Czech Republic to the GATT.
- 1994: - Creation of the World Trade Organisation (WTO), of which the Czech Republic is a founder member.
- 1995: - Entry into force of the *Europe Agreement*², with the aim of gradually establishing a free trade area between the signatories in less than ten years as from the entry into force of the Interim Agreement.

2. Contents of the commercial section of the Europe Agreement regarding industrial products³.

- a) Concessions granted by the EU to the Czech Republic.
All *quantitative restrictions* and measures having equivalent effect were abolished as of 1 January 1995. *Customs duties* were abolished as of 1 March 1992. Customs duties on steel products were abolished as of 1 January 1996 and those on textile products will be abolished as of 1 January 1998.
- b) Concessions granted by the Czech Republic to the EU.
Quantitative restrictions on imports from the EU and measures having equivalent effect were abolished as of 1 January 1993 (those relating to products covered by Annex IX to the Europe Agreement were abolished as of 1 January 1997).
Customs duties will be gradually reduced/abolished. Abolition will be completed as of 1 January 2002.

- 1) The Generalised System of Preferences (GSP) consists of a series of unilateral tariff reductions which the EU usually applies to imports from developing countries.
- 2) The Europe Agreement with the Czech Republic appears in the *Official Journal of the European Communities* L360 of 31 December 1994.
- 3) As regards agricultural products, customs duties are subject to special stipulations. Quantitative restrictions have been abolished by the two signatories to the agreement.

Methodological note on the data used

The country aggregates: **EUR:** 1990-94: EUR12; 1995-96: EUR15; **NIS** (Newly Independent States): Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan..

CEECs (Central and Eastern European Countries): Albania, Bulgaria, Hungary, Poland, Romania, Czechoslovakia (from 1990 to 1992); plus, as from 1992 Estonia, Latvia, Lithuania, Bosnia-Herzegovina, Croatia and Slovenia; plus, as from 1993, the Czech Republic, Slovakia, Serbia Montenegro and the former Yugoslav Republic of Macedonia.

Data sources: The data are from customs sources, the statistical office of the Czech Republic for Czech trade with the rest of the world, and Eurostat (Comext database) for bilateral trade between the European Union and the Czech Republic. Discrepancies between the two sources on figures concerning Czech trade with the EU countries are partly explained by the use of different methodologies and concepts. The Czech data for 1996 are provisional data.

Statistical system of the Czech Republic and the EU: special trade.

Classification: third revision of the Standard International Trade Classification (SITC), produced by the United Nations for the purposes of economic analyses.

Statistical values: Eurostat data - CIF values for imports and FOB values for exports; Czech data: FOB/FOB.